

Provinces sitting on billions in unspent emergency funds as COVID-19 rages

Money for health care, long-term care, housing and essential worker supports left on the table

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OTTAWA—Canada has earmarked \$374 billion between federal and provincial governments in direct COVID-19 emergency spending, but almost every province is sitting on unspent funds, according to a new study from the Canadian Centre for Policy Alternatives (CCPA).

The report tracks which level of government picked up the tab for every COVID-19 program announced through Dec. 31, 2020, and also analyzes how the provinces are spending their share of federal transfers. Overall, 92 per cent (\$343 billion) of COVID-19 direct spending initiatives, excluding liquidity and unallocated funds, came from the feds—compared to eight per cent (\$31 billion) from provincial governments.

“It’s only fitting that the federal government took the lead during this crisis given historically low interest rates and a manageable debt-to-GDP ratio,” said study author and CCPA Senior Economist David Macdonald. “That being said, it’s clear that many provinces are leaving money on the table during a time of unprecedented crisis. There is fiscal room for many provinces to step up and do more.”

The report notes that federal leadership will be required for years to come and must be met with provincial partners willing to come to the table, cost match, adhere to federal transfer conditions, and fully utilize the fiscal capacity within their own jurisdictions.

Among the study’s findings:

- Provinces chipped in four per cent and six per cent, respectively, of overall support for individuals and businesses. The rest came via the feds;
- Half of the provinces (P.E.I., N.S., N.B., Man. and Sask.) haven’t met the 50-50 cost sharing stipulation attached to municipal supports through the Safe Restart agreements;
- Amid the crisis in long-term care (LTC), six out of 10 provinces (N.L., P.E.I., N.B., Man., Sask. and Alta.) don’t have sufficient plans in place to access the full amount of federal LTC funds. Overall, 12 per cent of COVID-19 health spending is coming from the provinces;
- N.L., P.E.I., Que., Ont., Sask. and Alta. are sitting on billions of unallocated COVID-19 contingency funds built into their budgets;

- Six of 10 provinces (N.S., N.B., Man., Sask., Alta. and B.C.) didn't access the full federal amount available for the low wage essential worker top-up. Of the \$348 million available to Alberta in particular, the province only accessed \$12 million leaving \$335.8 million unspent;
- British Columbia's COVID-19 response has been far more robust than any other province, devoting almost three per cent of GDP to its COVID-19 measures;
- Alberta is getting \$1,200 more federal support per person than any other province, yet is leaving money on the table.

"It's incredibly problematic that several provinces do not yet have plans to spend federal money in health care, long-term care and housing at a time when it's so urgently needed," adds Macdonald. "When it comes to government spending, this has largely been a federal show. There is room to do more, particularly at the provincial level, to mitigate the pandemic's impacts. Post-pandemic, all levels of government must work together to rebuild better—to be prepared for future crises, to tackle the inequities that COVID-19 has exposed, and to improve public services."

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The full report, *Picking up the Tab: A complete accounting of federal and provincial COVID-19 measures in 2020*, is available for download on the CCPA website. Note: The report tracks which level of government picked up the tab for any COVID-19 program announced by Dec. 31, 2020, that will be implemented in the 2019-2020 to 2021-22 fiscal years. The distributional proxies used to allocate federal dollars to particular provinces often weren't available for the territories. As such, the analysis was not extended to the territories.

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Picking up the Tab

A complete accounting of federal and provincial COVID-19 measures in 2020

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